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(12)

FOREIGN SERVICE DESPATCH

714.00(W)/5-153

Action Assigned to

FROM: AMEMBASSY GUATEMALA 962

Action Taken

TO: THE DEPARTMENT OF STATE, WASHINGTON. May 1, 1953
DATE

REF: F-790001-1293

MAY 20 1953

Date of Action 5-5-53

| 18 For Dept. Use Only mi | ACTION QLF | DEPT. REP ARA E I IBS IFI RE IPS |
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| | REC'D MAY 4 | INFO OTHER AG COMM FRB TR XMB ARMY NAVY AIR OSD CIA |

Action Office Symbol LAD

Name of Officer Vinsetta

SUBJECT: Joint Weeka No. 18 - Section II

Direction to DC/R File

In a move to overcome certain difficulties in the agrarian reform program, a bill was sent this week to Congress to exempt from the "forced rental" law small farms which are not subject to the Agrarian Reform Law. A resolution was also issued defining the evidence required to protect pasture lands from expropriation. An article in the official newspaper stated that the $60,000,000 four-year highway construction program would be financed largely from the annual budgets and asserted that one of the proposed roads would "liberate the sister republic" of El Salvador from the transportation monopoly of the United States-owned International Railways of Central America.

The Supreme Court upheld the Government in a case involving the recent seizure of a small farm under the wartime emergency laws, though the complainant alleged that it was a case of mistaken identity.

AGRARIAN REFORM

The Ministry of Economy and Labor this week sent to Congress a bill which would exempt from the so-called "forced rental" law small holdings which are not affected by the Agrarian Reform Law. Many owners of small and medium-sized farms have complained that even though their properties were not subject to the Agrarian Reform Law they were still being forced to provide land for farm workers under the forced rental law. The Ministry said its suggested change would put an end to this legal contradiction.

In an attempt to halt denunciations and seizures of pasture lands, actions which have led to beef scarcities and price increases in Guatemala City, Major Alfonso MARTINEZ, Chief of the National Agrarian Department (DAN), issued a resolution to simplify the procedures under which livestock owners may protect their properties. Previously the means of proving that lands were being used for grazing and thus not subject to the

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714.00(W)/5-153

LWC FILED MAY 1 1953

Agrarian Reform Law had not been specified; the new resolution provides that cattle ownership certificates from the Director General of Livestock, tax certificates and stockyard receipts are acceptable evidence.

Sr. Carlos CLAVERIE, President of the National Mortgage Bank (CHN), which grants credits to beneficiaries of the Agrarian Reform Law pending establishment of a National Agrarian Bank (BAN), announced that since the first long-term loan in early March (WEEKA No. 11) about $1,500,000 had been provided to over 4,000 new landholders. He said the majority of the credits were for coffee and sugar cane and that a typical case was a $490 loan on a nine-acre farm with an estimated production of 16,000 pounds of ripe cherry coffee, worth about $1,100 at current prices. The bill to establish the BAN has been reported out favorably by the Congressional Finance Committee but Julio ESTRADA de la Hoz (PAR), former President of Congress, said it would not be passed until it had been considered by the General Labor Confederation (CGTG) and the National Farmworkers Confederation (CNCG).

## HIGHWAYS

The official Diario de Centro América announced that the Government would finance its four-year highway construction plans with ordinary revenues supplemented by income from the recent $20,000,000 public works bond issue.

Since it is estimated that the program will cost about $60,000,000 (WEEKA No. 17) and $16,000,000 of the public works bonds have already been earmarked for other projects, each of the next four national budgets will have to assign to road-building about $14,000,000, or 19 percent of the proposed 1953-4 budget, if the program is to be financed in this way.

Commenting on the program, the official daily stated that although the new road network was primarily designed to permit the development of the country, it would also destroy the transportation monopoly of the International Railways of Central America (IRCA), "which had been an instrument for directing our industrial growth in conformance with foreign interests". The newspaper said that El Salvador also suffered from the IRCA's oppressive rates and that President Arbenz' Government had resolved to "liberate the sister republic" with the proposed road from Marmol on the Atlantic Highway to Asunción Mita on the Pan American Highway, which would bring the projected national port at Santo Tomás to within 193 miles of the Salvadoran border. It will be recalled that the new port is also intended to free Guatemala from dependence on the IRCA's docks at nearby Puerto Barrios.

From: Guatemala

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From

F790004-1295

WAR CLAIMS

The press reported that the Supreme Court had upheld the recent seizure of a small private farm by the Ministry of Finance under the wartime alien property laws although the complainant, Sr. Federico CZECHS Dukat, alleged that it was a case of mistaken identity. Sr. Czechs claimed that he purchased the farm in November 1952 from Sr. Cristian GROTEWOLD Samayoa, born in Guatemala of Guatemalan parents, and that it was legally registered but the Ministry had confused Sr. Grotewold with a Sr. Cristian RODAMES Grotewold, who is German. However, the court denied the appeal because "(a) it conflicts with juridical situations arising from the application of the Agrarian Reform Law, against which there can be no appeals, and (b) there also can be no appeals against the application of the wartime emergency laws because those laws establish the procedure which should be followed."

Rudolf E. Schoenfeld

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